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IAAPA 1989 AMUSEMENT INDUSTRY ABSTRACT

Foreward

The demand for leisure-time activities, and consequently, the demand for information on these activities has probably never been greater. Every day from all over the world, IAAPA receives telephone calls, letters and fax transmissions requesting information about the amusement industry. We are pleased to be able to help some of those who contact us, and we are actively extending the scope, quality, and detail of the information we are able to provide.

However, the single greatest resource IAAPA has to offer is the network of more than 2300 member companies in 45 countries--professionals shaping the future of the amusement industry.

IAAPA offers this first **Amusement Industry Abstract** in the hope that it will provide a convenient resource to the world leisure community. This **Amusement Industry Abstract** is provided to all IAAPA members free of charge and is available to non-members for \$5 (U.S.)

Acknowledgments

The scrupulous collection and compilation of statistical data is a lengthy and labor-intensive process. It begins, however, with the thousands of IAAPA members who take the time each year to fill out questionnaires at length and in detail. Without these members and the information they volunteer, there would be very little information available on the amusement industry. Of course, this spirit of cooperation typifies the activities of IAAPA over the past 71 years, and is a key ingredient in the future development of the amusement industry.

IAAPA's staff also deserves credit for compiling this information. In particular, we would like to acknowledge the efforts of Jean Donnelly, without whose computational skill and cheerful diligence this abstract would not have been possible.

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General Characteristics

During 1988 and 1989, IAAPA conducted surveys among member parks, collecting responses between 7% and 15% from the nearly 800 amusement parks and attractions which make up IAAPA's "park" membership. Responses were received from member parks in the following countries: Belgium, Brazil, Canada, Costa Rica, Denmark, England, Finland, France, Ireland, Japan, Korea, Mexico, Netherlands, Pakistan, Saudi Arabia, Spain, and the United States.

Operating Expenses and Demographics of the Seasonal Workforce

Parks from seventeen nations responding to a recent IAAPA International Business Survey painted a very interesting picture of the amusement park industry and its underlying economics.

To begin with, international parks spend their operating budgets differently than their U.S. counterparts (Chart 1), spending a relatively higher percent on full-time employees, and to a lesser degree on food and beverage services, maintenance, and utilities. Internationally, of course, school holidays do not coincide as well with the (northern hemisphere) amusement park season. This may in part account for a higher reliance among international parks on full-time employees.

Full-time or seasonal, payroll devours the lion's share of the operating budget (between 39% and 44%) in either case.

Marketing, on the other hand, comprises a considerably smaller percent of the operating budget internationally than it does in more

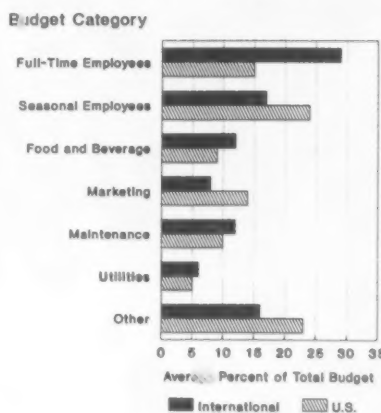
competitive U.S. markets. In fact, reports out of Japan indicate that a park often has no formal marketing budget at all. An imbalance there between the demand for leisure and the supply means park owners need only open their doors to insure adequate attendance.

Charts 2 (U.S.) and 3 (International) further examine the differences in how parks allocate their resources. Noting the bias among larger U.S. parks to spend relatively more on seasonal employees and marketing, we might point out that most larger parks in the U.S. are located in metropolitan areas, with correspondingly higher labor and media costs. This is not nearly as true for international parks.

In the three lowest attendance categories (Charts 4 and 5), average seasonal payroll remains quite comparable internationally and in the U.S. However, in the U.S. more than 1 million annual attendance category, payroll shoots up suddenly to approximately twice the international average, again, very likely because of the prevailing higher labor rates in and around the major metropolitan areas where most major U.S. parks are located. Recent low unemployment rates in the U.S. have also added fuel to the wage fire, while European unemployment, for example, has remained relatively high.

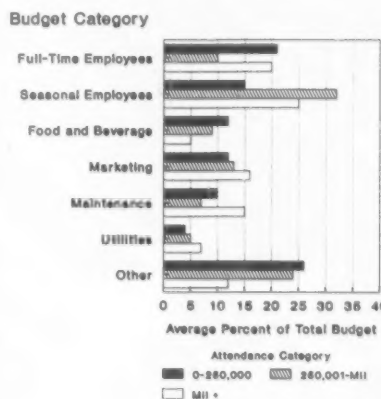
Even given a greater emphasis on full-time employees in international parks' workforces, a striking difference shows up in their seasonal employee demographics (Chart 6). While kids between 14 and 19 make up 72% of the seasonal workforce in the U.S., the same age bracket accounts for just 45% internationally. Adults aged 20 to 55 make up 51% on the

Chart 1: Operating Budgets Expense Categories



1989 Int'l and 1988 Business Surveys

Chart 2: Operating Budgets (US) Expense Categories



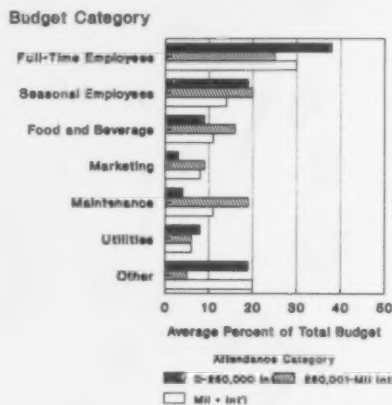
1989 Int'l and 1988 Business Surveys

General Characteristics

seasonal workforce internationally. This factor very likely contributes to the fact that, although their percentage dependence on seasonal workers is lower, in all but one

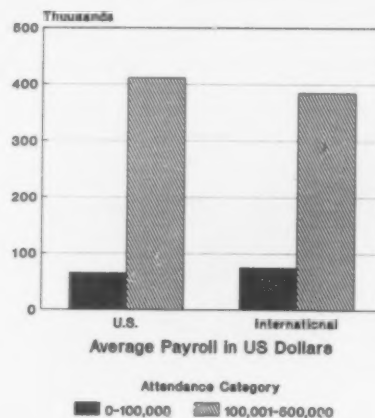
attendance category, international parks are paying very nearly the same amount for fewer seasonal workers as their U.S. counterparts.

Chart 3: Operating Budgets (Int'l) Expense Categories



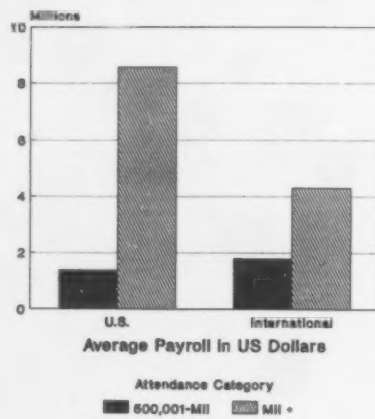
1989 Int'l and 1988 Business Surveys

Chart 4: Seasonal Payroll U.S. and International



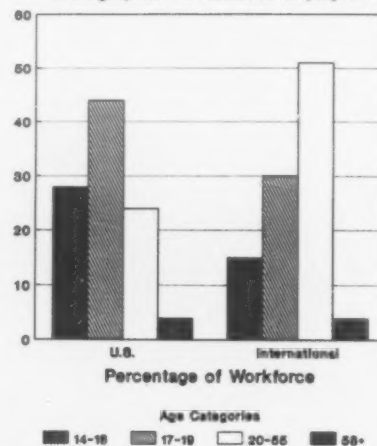
1988 US Personnel, 1989 Int'l Surveys

Chart 5: Seasonal Payroll U.S. and International



1988 US Personnel, 1989 Int'l Surveys

Chart 6: Workforce Demographics of Seasonal Employees



1988 US Personnel, 1989 Int'l Surveys

Chart 7: Seasonal Personnel

	Park Annual Attendance Category			
	Less than 100,000	100,000- 499,999	500,000- 1,000,000	More than 1,000,000
Average number hired per season	88	295	2,084	2,759
Average number per average day	41	119	616	1,510
Percentage of workforce working...				
1-20 hours/week	3%	8%	7%	8%
21-40 hours/week	62%	73%	40%	42%
41-50 hours/week	26%	15%	38%	41%
50 + hours/week	4%	4%	15%	10%
Overtime as percentage of total annual seasonal payroll	2.3%	5%	.5%	5%
Percentage of workforce earning...				
\$3-4.50/hour	64%	85%	88%	87%
\$4.51-\$6/hour	30%	13%	12%	10%
\$6 + /hour	6%	2%	0%	3%
Percentage of workforce at park for...				
First year	72%	50%	51%	59%
Second year	17%	34%	32%	26%
Third year	12%	16%	17%	15%
Percentage of workforce employed as...				
<i>(With lifeguards)</i>				
Ride operator	33%	19%	19%	22%
Food service	17%	31%	36%	30%
Administrative	5%	5%	4%	4%
Entertainer	2%	3%	2%	5%
Maintenance	8%	6%	4%	3%
Lifeguard	19%	21%	12%	5%
Other	16%	15%	23%	31%
<i>(Without lifeguards)</i>				
Ride operator	29%	37%	23%	19%
Food service	30%	27%	35%	32%
Administrative	10%	6%	4%	7%
Entertainer	1%	9%	4%	6%
Maintenance	10%	6%	5%	5%
Other	20%	15%	29%	31%

1988 Personnel Survey

Personnel

U.S. parks responding to the 1988 Personnel Managers Poll provided a picture of surprising uniformity across a diverse spectrum of park size. Regardless of park size, a relatively small 7-8% of the seasonal workforce works 1 to 20 hours per week (Chart 7). The percentile of employees returning three or more years also remained highly consistent at between 12% and 17%. On the average, all parks kept overtime payroll at or below 5% of total seasonal payroll.

Other comparisons showed up exactly what one might suspect. The vast majority of seasonal employees earn \$3 to \$4.50 per hour. Parks are unbiased in their hiring of the sexes, which demonstrated a near perfect 50/50 split.

The poll results are most interesting though, when you begin to compare parks by attendance categories. Parks in the top two attendance categories show a number of efficiencies, with a high 88% and 87% of their seasonal workforces earning \$3-\$4.50 per hour, versus the smallest attendance category where only 64% earn this rate. Parks with less than 100,000 attendance pay \$4.51-\$6 to 30% of their seasonal workforce as compared to a mere 10% for parks of more than a million attendance.

Parks with annual attendance in excess of 1,000,000 hire only 1.8 times as many seasonal workers each summer as they need to run the park on an average day. Parks in the 500,000 to 1,000,000 annual attendance category showed the least efficiency in this area, hiring 3.4 times as many each season as needed for the average day. Larger parks also have higher return rates for seasonal employees in the second year, although all parks are roughly equivalent in the rate of return for the third and subsequent years.

Parks in the less than 100,000 attendance category, however, also show some efficiencies, for example, they pay the second least percentage of overtime. However, their greatest efficiency appears when you take the hypothetical case of a seasonal worker who works all summer (represented by the number required for average day staffing) and find out what that person is likely to be paid during the course of the summer:

Less than 100,000 Annual Attendance	100,000 to 499,999 Annual Attendance	500,000 to 1,000,000 Annual Attendance	Over 1,000,000 Annual Attendance
\$1590	\$3454	\$2249	\$5670

Interestingly, the two categories with the highest average total seasonal wage also have the highest percentage of overtime.

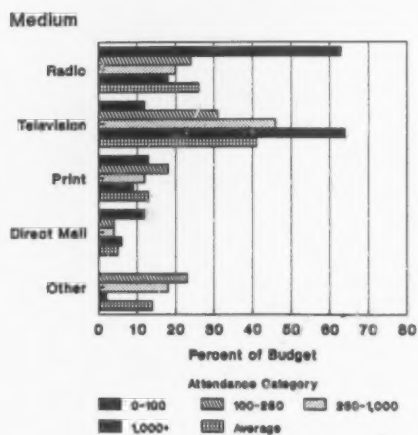
The percentage composition of the parks by employment category also yields interesting results, such as the greater emphasis of larger parks on the food service category, perhaps because the parks in the less than 100,000 category rely on concessionaires to a greater extent. The "Other" classification contains job categories varying from arcade and game operators, to ticket, merchandise, and souvenirs sales.

Marketing

Just how marketing managers attempt to attract park visitors varies considerably but shows similarities between parks of similar size. For example, larger parks depend more on television to get their message across, whether in the U.S. (Chart 8) or internationally (Chart 9). However, while radio obviously plays a strong role for parks in the 0-100,000 annual attendance range in the U.S., brochures carry the weight for similar-sized parks internationally.

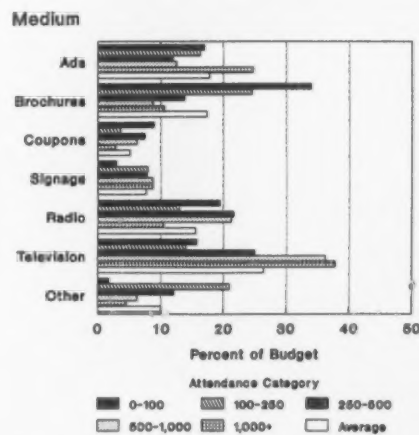
Park patrons show surprising homogeneity with respect to age regardless of nationality (Chart 10), although U.S. parks appear to attract a marginally higher percentage of patrons between the optimum earning ages of 22-55. (Chart 11 shows a profile of U.S. park visitor income.) On the other hand, the international sector seems to attract a more youthful clientele. For comparison, we have included age demographics for several European Economic Community nations (Chart 12). Interestingly,

Chart 8: U.S. Marketing Media Budgets



1989 Marketing Survey

Chart 9: International Marketing Media Budgets

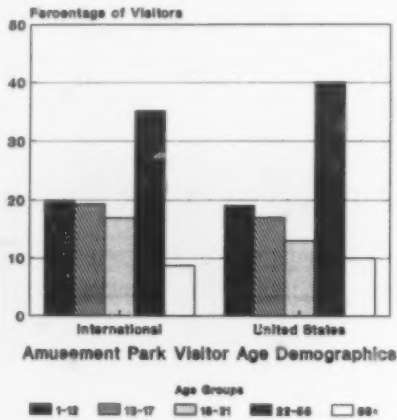


1989 International Survey

while parks responding to the survey evidently attract a portion of the population roughly representative of the overall population in both the 1-12 and 22-55 age ranges, teenagers are strikingly over-represented among amusement park visitors in relation to the general population.

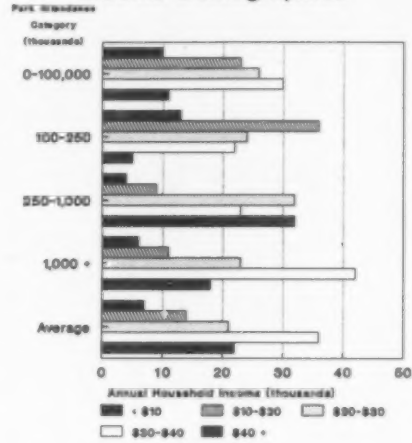
Obviously, it is critical that marketing managers collect information on who visits parks and why, which they do using a variety of methods (Chart 13). The "Other" category includes options such as coupons, and personal surveys inside parks.

Chart 10: Amusement Visitors International and U.S.



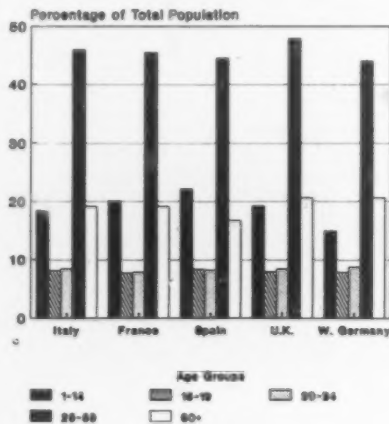
1989 International and Marketing Surveys

Chart 11: U.S. Amusement Visitors Income Demographics



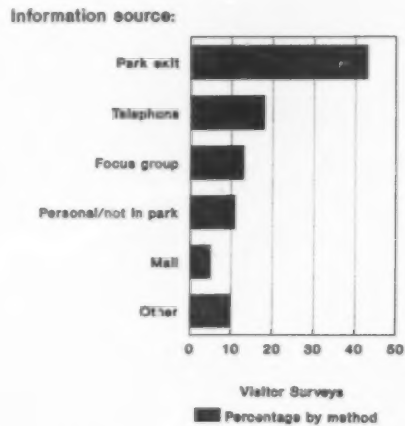
1988 Business Survey

Chart 12: Population Profiles Selected EEC Countries



Int'l Marketing Data and Statistics 1988

Chart 13: Market Research U.S.: 1989



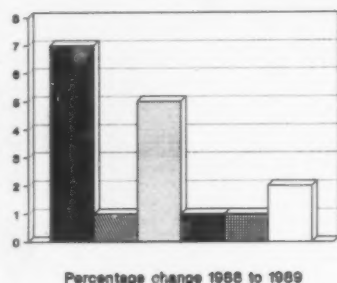
1989 Marketing Survey

Attendance

The weather in the U.S. during the spring of 1989 was anything but helpful for the amusement park industry. Record heat and rain have alternated during the first month and a half of the season. U.S. marketing managers surveyed in July show expectations of about 2% overall attendance growth during 1989 in the U.S. (Chart 14). Respondents to the International Survey show a strong 7% overall growth in attendance during 1988 (Chart 15).

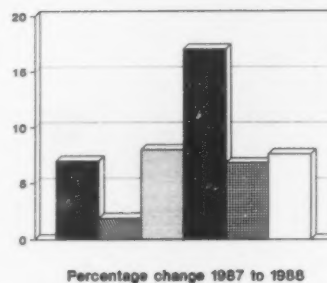
Chart 16 demonstrates regional amusement park attendance variations in major U.S. regions as revealed by telemarketing surveys conducted by IAAPA during 1988 and 1989.

Chart 14: Park Attendance U.S.: Projected as of July 1989



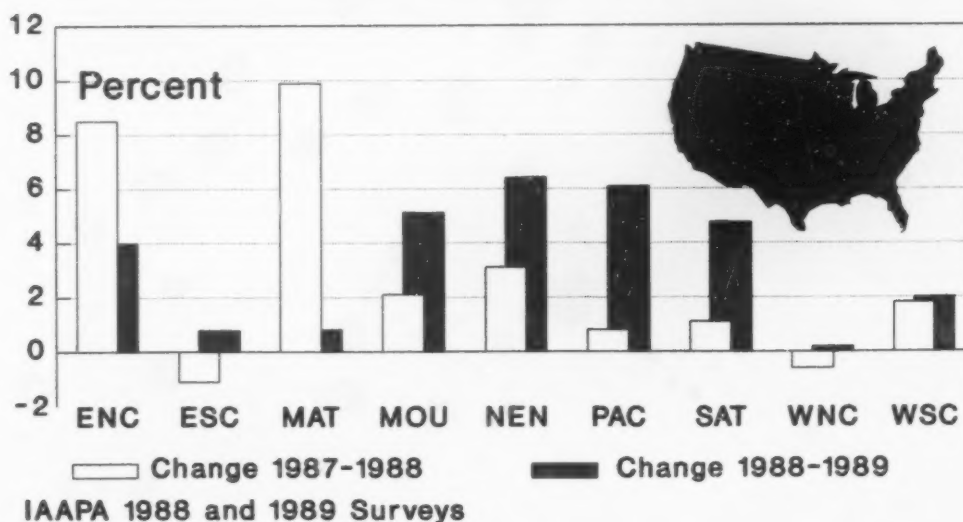
July 1989 U.S. Marketing Managers Survey

Chart 15: Park Attendance International 1988



1988 International Survey

Chart 16: U.S. Attendance Trends Census Bureau Regions



Regions: ENC (IN, IL, MI, OH, WI); ESC (AL, KY, MS, TN); MAT (NJ, NY, PA); MOU (AZ, CO, ID, MT, NV, NM, UT, WY); NEN (CT, ME, MA, NH, RI, VT); PAC (CA, OR, WA); SAT (DE, DC, FL, GA, MD, NC, SC, VA, WV); WNC (IA, KS, MN, MO, NE, ND, SD); WSC (AR, LA, OK, TX).

Future Indicators

The industry spends enormous resources trying to stay ahead of consumer tastes in leisure. To examine what general classes of capital expenditure are currently in vogue, we asked marketing managers about both their actual as well as planned capital expenditures. Chart 17 compares capital expenditures between the U.S. and the international community. As readers will see, entertainment facilities and water rides are the U.S. leaders, while adult rides and kiddie rides lead the field in the international arena.

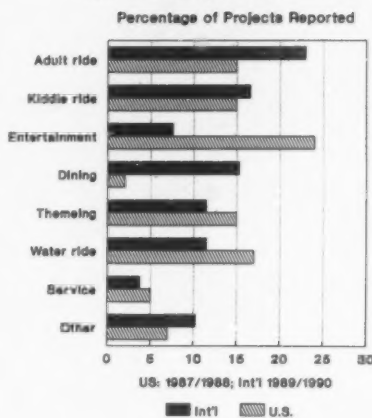
Because we have observed a trend of traditional amusement parks adding water rides in the U.S., we include a detailed evaluation of responses to two different questions answered by U.S. marketing managers: how many capital projects during 1987-1989 involved water rides and how many water ride capital expenditures are planned during 1990-1991 (Chart 18). While in both cases the strongest interest in water rides seems to be in the parks of 250,000-1,000,000 annual attendance, evidently the parks of more than one million have by and large already made their investments in water rides and are exploring other directions.

It is important to remember that these capital expenditure charts represent number of projects reported, not

amount of expenditure. With this in mind, the details of U.S. planned capital projects (Chart 19) show a striking predominance of kiddie rides, with the notable exception of parks over 1,000,000 in annual attendance. These figures coincide nicely, however, with the details of park demographics previously developed by IAAPA (1988). Chart 17 provides an introduction to planned capital undertaken or planned by parks. Obviously, adult and children's rides as well as restaurants are the strongest contenders on the international scene. In the U.S. the survey points out an apparent trend toward entertainment facilities (Chart 20) and water rides as the leaders, which coincides well with the much-heralded aging of the U.S. population and the trend toward dry parks adding water facilities. Presumably, once international parks reach a similar level of basic investment, they, too, will respond to this aging trend. Be

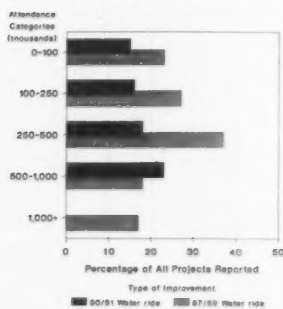
careful not to mistake the trend in "number" of projects for "expenditures" on projects. For example, while entertainment projects in the U.S. claim the lion's share of "number" of projects, entertainment projects required investments ranging from \$40,000 to \$2 million, with an average for all respondents of \$428,000. By contrast, capital investments in adult rides showed an average of

Chart 17: Capital Projects 1987 through 1990



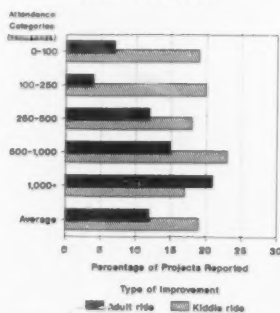
1989 International and Marketing Surveys

Chart 18: Water Ride Projects U.S.: 1987-1991



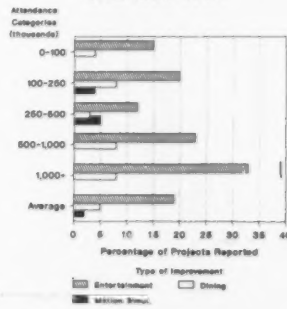
Marketing Managers Survey

Chart 19: Capital Projects U.S.: 1989-1991



1989 Marketing Survey

Chart 20: Capital Projects U.S.: 1989-1991



1989 Marketing Survey

over \$1.8 million. This means that although adult rides represented only 15% of the capital projects reported in the U.S. (Chart 17), they represent 52% of average capital expenditures reported (Chart 21).

Similarly, in the international area, while dining facilities represent a 16% share of the "number" of projects reported, the average capital expenditure on dining facilities was just \$180,000. Again, in terms of total investment, adult rides represent by far the largest single category, 33% of all capital expenditures reported (Chart 22), for an average of \$868,000 per project.

Averages are often deceiving. Take for example the case of capital investments in themeing in the U.S.: project costs ranged from \$10,000 up to \$500,000, but the average stood at \$194,500. Still, averages help point out underlying patterns in the industry between major segments. Chart 23 shows the average amount of capital investment per type of project comparing the U.S. and international parks. Note the basic close correlation on project costs for dining facilities. While most of these categories fall into similar ranges of investment, the average investment in water rides in the international arena is 58% higher than in the U.S. Perhaps this results from the relatively well developed infrastructure at a U.S. park investing to add a waterpark, versus the entirely new development of a stand-alone waterpark facility on the international scene. This is, however, only speculation.

Children's ride projects average 60% higher on the international scene as well, while adult

Chart 21: U.S. Capital Investments
Types of Projects

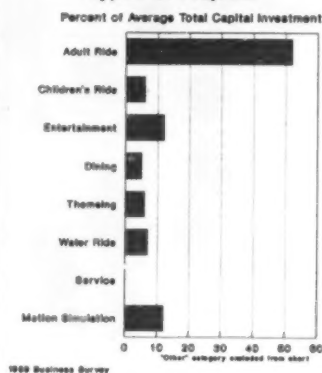


Chart 22: International Investment
Types of Projects

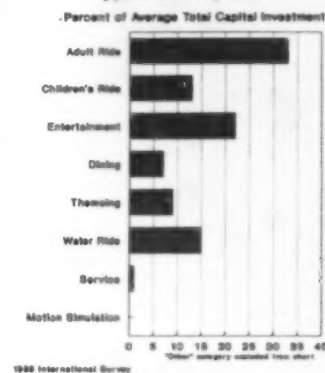
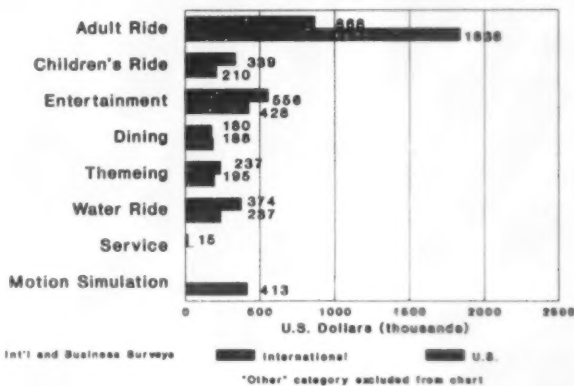


Chart 23: Capital Investments

Average Amount by Type of Project



ride projects average just 47% of the average project cost in the U.S., perhaps reflecting the strong pressure in the U.S. to add not just any adult ride, but the biggest, meanest or fastest yet...at a commensurately more expensive price.

Motion simulation, a comparative new-comer on the amusement scene is evidently making strong headway in the U.S., at least as reflected in this survey, turning in 12% of average capital expenditures reported at an average project cost of \$413,000.

Suppliers' Perspectives

Amusement industry suppliers responding to a survey during the summer of 1989 fell into three major camps based on their home market: U.S., European, or Asian. Naturally, they represent a diverse spectrum of products and services (Chart 24) and it should be well noted that the chart does not allow for substantial overlap. For example, a single company might well provide adult rides and children's rides.

These suppliers seem well satisfied with their participation in the amusement industry: 59% said their sales to the amusement industry are rising, 35% said they are staying the same, and only 6% said they are declining.

The most startling revelation comes when one studies the aspirations of these responding suppliers on a geographic basis. Suppliers were asked to evaluate the percentage of their amusement industry sales derived from five geographic regions, both as a current (1989) figure, and as a projection (1994).

Among U.S. suppliers (Chart 25) who responded, there appears to be relatively little intention to diversify into other markets. For example, the share of total amusement sales sold in the U.S. only declines from 83% (1989) to 68% (1994), while the largest single "target" market gain appears to be Europe, rising a projected 7% over the five-year period.

Buyers in the U.S., however, can expect a barrage from the Europeans (Chart 26) who expect to increase their sales of amusement goods and services

Chart 24: Products and Services Profile of Responding Suppliers

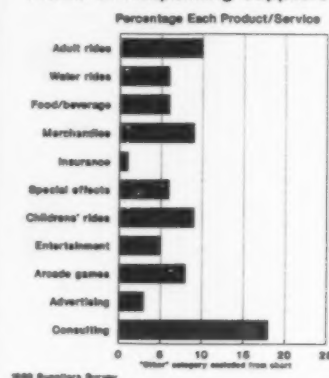


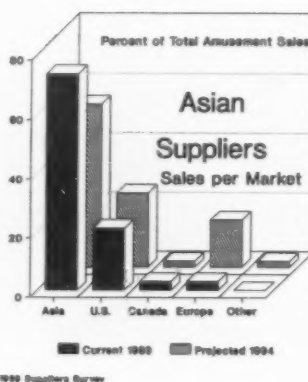
Chart 25



Chart 26



Chart 27

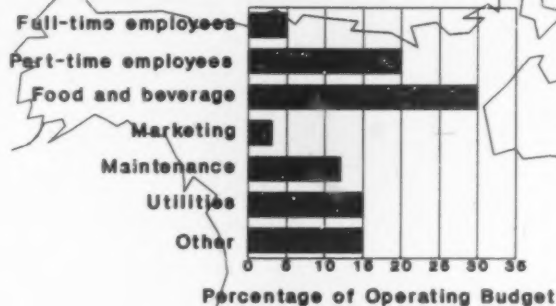


to U.S. parks 17% by 1994. Asia too is targeted for an increase of 6% over the same period. Presumably overall volume of sales will increase during this period, but the percentage of amusement sales which responding European suppliers expect to sell in Europe drops sharply from 75% to 49%.

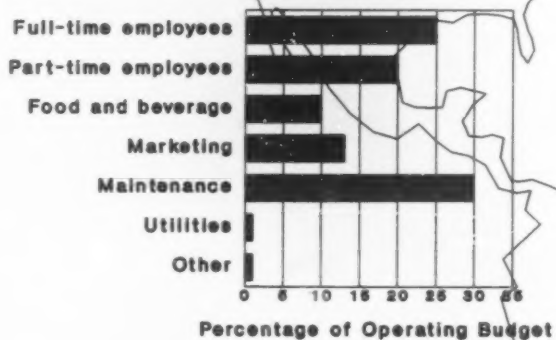
On the other hand, Asia-based suppliers responding to the survey (Chart 27) seem to have chosen Europe as their most fruitful ground. Although they expect to increase the percentage of their amusement sales to the U.S. by a mere 4%, they indicated their plans for Europe are more than three times as ambitious at 13%.

Country Profiles

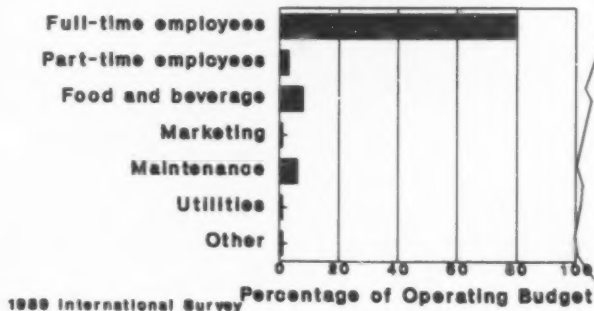
CANADA: Sample Park Profile



MEXICO: Sample Park Profile



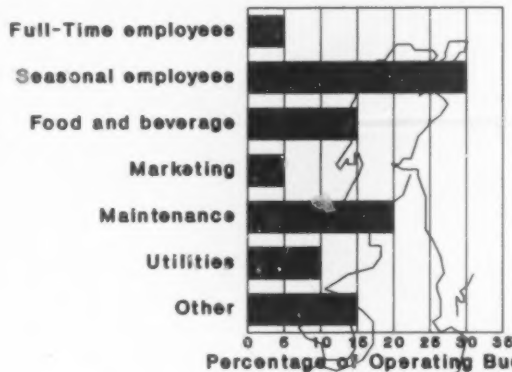
BRAZIL: Sample Park Profile



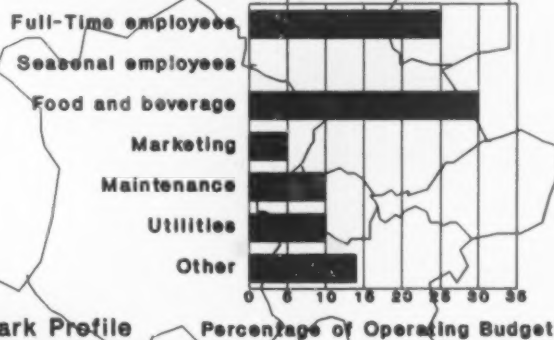
1989 International Survey

Country Profiles

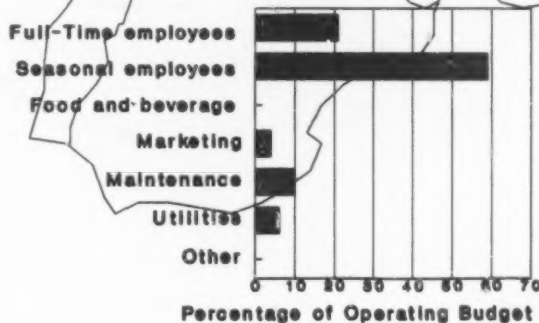
ENGLAND: Sample Park Profile



NETHERLANDS: Sample Park Profile



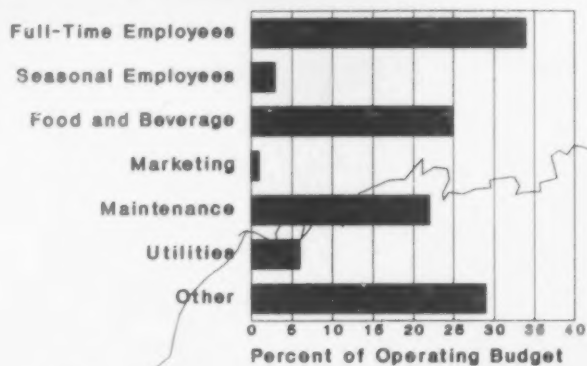
FRENCH: Sample Park Profile



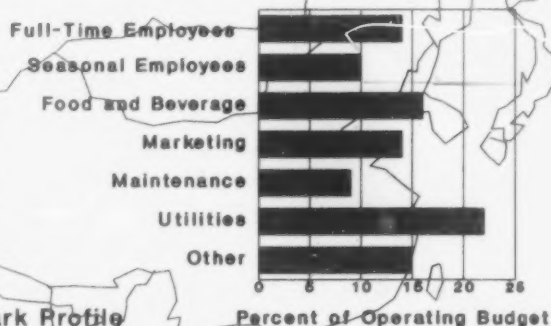
1989 International Survey

Country Profiles

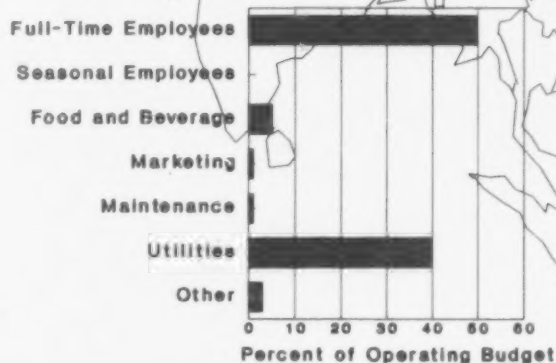
JAPAN: Sample Park Profile



S. KOREA: Sample Park Profile



PAKISTAN: Sample Park Profile



1989 International Survey

Waterparks

During 1989, IAAPA's Waterpark Committee conducted a survey intended to reveal some of the broad characteristics of the waterpark segment of the amusement industry. While waterparks have traditionally played an important role among IAAPA members, and number in excess of 200, they are taking on an increased significance as traditional amusement facilities add water attractions to enhance their attractiveness. (See the "Future Indicators" section of this report for capital expenditure trends involving aquatic attractions.

Major aquatic equipment at Waterparks (Number of Each)

	Annual Attendance Categories		
	0-250,000	250,001-1,000,000	Average
Speed slides	2	2	2
Serpentine flumes	2	3	3
Sled rides		2	2
Kiddie slides	2	3	2
"Lazy river" rides	1	1	1
Wave pools	1	1	1
Inner tube rides	1	4	3
Other kiddie rides	1	3	2
Other	2	1	1

Respondents were also asked whether their facility is "Free-standing" or "Associated with an other attraction".

Free-Standing	33%
Associated with attraction	67%

Attractions associated with Waterparks

Batting cages	11%
Arcade/games	14%
Bumper boats	10%
Campground	9%
Miniature golf	18%
Amusement park	24%
Go karts	10%
Other	4%

Sources of Revenue at Waterpark

Admission	71%
Equipment	1%
Season passes	3%
Lockers	1%
Games	2%
Parking	1%
Food/Beverage	17%
Other	4%

Miniature Golf

During 1989, IAAPA's Miniature Golf Committee conducted two surveys of the miniature golf segment of the amusement industry. The second and more detailed survey involved 60 miniature golf facilities from across the United States and appears to represent a statistically significant cross-section of the industry.

Area of Miniature Golf course operation

Square Feet	Percentage Response
0-20,000	60%
20,001-40,000	30%
More than 40,000	10%

Miniature Golf course characteristics:

No. of Holes	Percentage Response
18	63%
36	33%
54	4%

Annual attendance profile:

Annual Attendance Range	Response
0-20,000	51%
20,001-40,000	23%
40,001-80,000	16%
More than 80,000	10%

Miniature Golf

Type of market

Residential	16%
Tourist	27%
Mixed	43%
Business	12%
Other	2%

Surrounding Residential Populations (estimated):

Radius	Average Residential Populations
5 miles	41,684
10 miles	87,543
15 miles	163,838

Is Miniature Golf the main attraction?

Yes	52%
No	48%

Game room operations

Game room on site:	50%
No game room:	50%

Snack bar operations

Snack bar at course:	73%
No snack bar at course:	27%

Other attractions available

Water slide	9%	Bumper boats	11%
Amusement park	9%	Batting cages	25%
Carnival	1%	Driving range	12%
Go-kart track	14%	Other	15%
Bumper cars	4%		

Annual gross revenues derived from miniature golf alone

Revenue Profile	Average
Less than \$20,000	27%
\$20,001-\$60,000	32%
\$60,001-\$100,000	21%
\$100,001-\$200,000	6%
More than \$200,000	17%

Sources of gross revenues from miniature golf operations alone

Revenue Source	Average
Greens fees	80%
Game arcades	6%
Food & beverages	6%
Merchandise	1%
Other	7%

Operating expenses for miniature golf operation alone

Expense	Average
Maintenance	18%
Payroll	30%
Advertising	6%
Golf supplies	8%
General office	7%
Utilities	7%
Insurance	7%
Taxes	7%
Other	10%

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1990 AMUSEMENT INDUSTRY ABSTRACT



FOREWORD

With this second annual Amusement Industry Abstract, IAAPA offers the industry further concrete evidence of what it means to be a member of the Association. Many of the statistics compiled on the following pages are only available because our members took the time to fill out surveys sent by IAAPA and return them to us. We believe this signifies not only the cooperative spirit which is the

bond between IAAPA members, but also the recognition that this information is useful enough to justify spending the time filling out the survey. At press time, IAAPA's membership has increased to 2800 member companies in 51 countries to whom a limited number of additional copies of this Abstract are available free of charge. The Abstract is available to non-members for \$5 (U.S.).

ACKNOWLEDGEMENTS

The Abstract has its genesis in the thousands of calls IAAPA receives each year from people in search of information. To answer these calls, IAAPA conducts numerous studies each year in the international amusement industry, and provides much of this information in the

form of this Abstract. We are deeply indebted to the hundreds of members who take time each year to respond to IAAPA surveys. IAAPA's professional staff also deserves credit for the meticulous compilation, checking and presentation of this information.

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MARKETING

Chart 1: Attendance

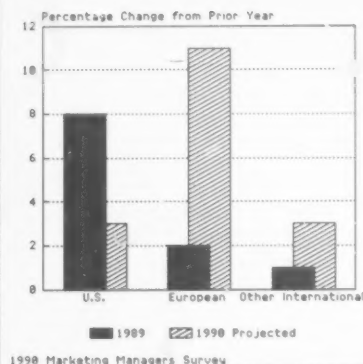


Chart 2: Attendance By Park Attendance Category

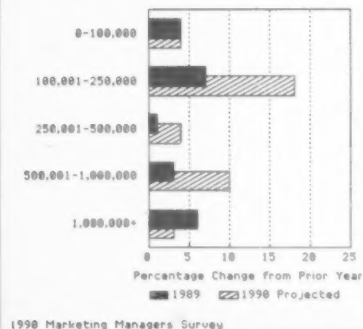
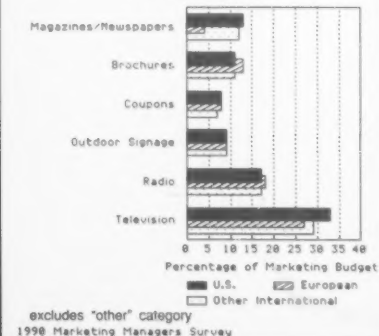


Chart 3: Advertising Media Use



IAAPA's 1990 Marketing Managers Survey met with a strong 15% response from more than 1000 parks surveyed around the world. Parks in 14 nations responded to the survey providing the following profile of marketing efforts in 1990. (Countries responding: Belgium, Brazil, Canada, Chile, Colombia, Finland, France, India, Japan, Saudi Arabia, Spain, Sweden, United Kingdom, and the United States.)

Attendance growth reported by marketing managers (as of July) shows a stronger average increase for U.S. parks in 1989, as compared to parks responding from Europe and other international locations, however, expectations for growth in 1990 were much more robust among European parks responding to the survey (Chart 1).

A comparison of the same data along park attendance category lines (Chart 2) shows considerable variation among responding parks both for historic increases (1989) and 1990 projections. Parks in the second smallest category showed the strongest optimism for attendance gains during the 1990 season, expecting an overall average of almost 18% increase. Comparing all categories' overall attendance growth, however, increases were just 5% on average in 1989, and again 5% projected for 1990.

Parks reported an overall average of just 9% of annual operating budget devoted to marketing. While percentages ranged from 2% to 40%, the average was pulled down by more than 75% of all respondents indicating that they devoted 10% or less to marketing. Chart 3 describes surprisingly uniform marketing media use among responding parks in the three geographic regions. U.S. parks

Chart 4: Capital Expenditures forming the core of promotion

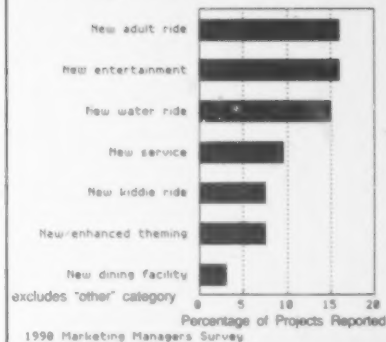


Chart 5: Amusement Park Visitors Age Demographics

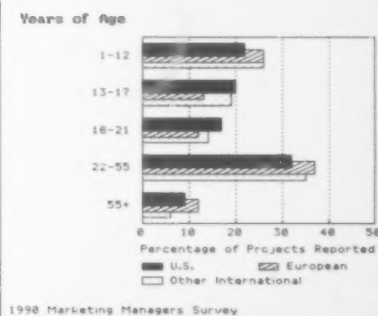
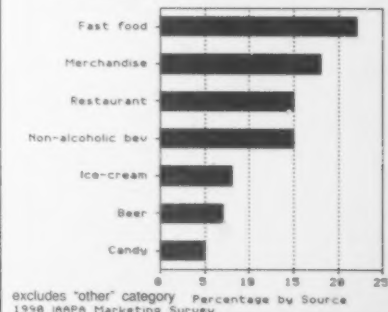


Chart 6: Sources of Per Capita Revenue Excluding Admission Price



MARKETING continued

continue to show their tendency toward higher use of television, but the gap appears to be closing.

Inventive marketing professionals can no doubt produce a promotion out of virtually anything, however, Chart 4 shows the relative frequency of those promotional campaigns tied to new capital expenditures. New adult rides and entertainment projects continue to compete as the most frequent forms of capital project during 1990, followed closely by new water rides. It is important to note the subjective element in this particular question, because this chart shows only those capital projects reported as providing the core of the 1990 season promotion. This may ignore other forms of capital project.

The following Business Survey clarifies this point.

Age demographics of park visitors provided by marketing managers in each of the major geographic regions are quite uniform (Chart 5). In 1990 these guests paid an average admission of \$8.69 (adult) overall and \$6.93 (child). On average, the admission was highest in the U.S. (\$9.90 adult/\$7.74 child), medium in Europe (\$8.80 adult/\$7.06 child), and lowest in the other international regions (\$4.44 adult/\$2.90 child).

Per capita revenue excluding admission ranged from an average \$4.70 for the smallest park category (0-100,000 annual attendance) to \$8.15 in the more than 1 million annual attendance category, with an overall

average of \$6.63. Sources of this per capita revenue are reflected in Chart 6. It should be noted that 64% of the marketing managers reporting the above per capita revenue said their information came from "an educated guess," while just 32% said their information was derived from in-house surveys.

Some 64% of all parks, however, reported having conducted in-house or external marketing research in the last three years, the two most common research methods being park exit surveys (56%) and focus groups (15%). The timing of the research reflects an obvious bias: 52% conducted their research during the summer; 26% during the spring.

BUSINESS

During August of 1990, IAAPA sent out surveys to member parks around the world. Some 124 responses were received to the four-page survey document, 62% from parks in the U.S. The remainder was received from parks in Belgium, Brazil, Canada,

China, France, Japan, Mexico, the Netherlands, Norway, Saudi Arabia, S. Korea, Spain, Sweden, Taiwan, and the U.K.

To simplify reporting, we have created three distinct geographic regions: the U.S., Europe, and Non-European International (NEI). It should be observed that this kind of generalization throws countries of widely differing socio-economic development into the same category, however, given the volume of response it appears to the editors to be the most practical manner in which to proceed.

Amusement Mix

Survey results gain significance when the reader has a better idea of who is being surveyed. To provide this perspective, Charts 7 through 10 provide a breakdown of the

"Amusement Mix" among responding parks. Chart 7 shows the frequency distribution of 18 attraction types among all responding parks. Obviously, snack bars were the most common (99 total units), and wave pools, the least (14). The charts

CHART 7: World Amusement Mix at Responding Parks

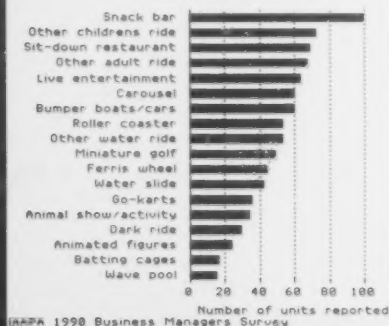


CHART 8: Amusement Mix at Responding U.S. Parks

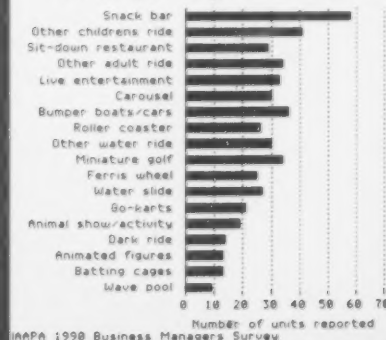


CHART 9: Amusement Mix at Responding European Parks

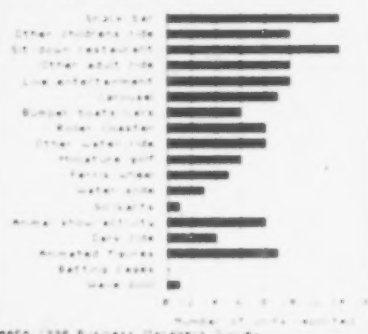


CHART 10: Amusement Mix at Responding N.E.I. Parks

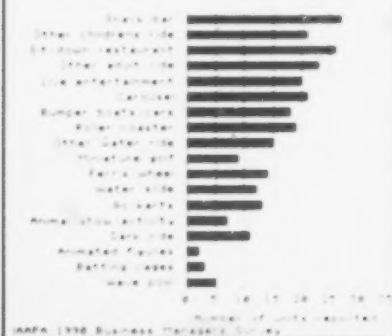
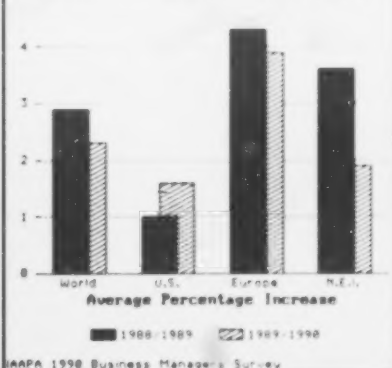


CHART 11: Attendance Growth



become interesting, however, when one compares the three geographic regions.

Chart 8 demonstrates a point which applies throughout this Survey, with 62% of the responding parks in the U.S. the conditions in the U.S. tend to dominate the "average" results. Thus, Charts 7 and 8 are more similar than Charts 7 and 9, for example. It is interesting to note that sit down restaurants are more common on a percentage basis in both the European and N.E.I. regions than in the U.S. Other dissimilarities include go-karts and batting cages, which play a much smaller role in Europe than in the U.S. or N.E.I. regions. Conversely, animal attractions and animated figures are more frequent on a percentage basis in Europe. Surging interest in miniature golf in the U.S. also shows up in this comparison.

Attendance Growth

Chart 11 demonstrates the percentage increase in attendance reported by business managers at all parks (world) versus each of the distinct geographical regions. In comparison to the more sanguine responses of marketing managers surveyed in July, business managers reported a much more conservative assessment of attendance gains, both in the period 1988/1989, and in their projections for the 1990 season.

Apparently, 1989 and 1990 were both much kinder in terms of attendance growth for smaller parks (Chart 12), than for the largest. On the other hand, large gains are harder to achieve as the attendance base becomes larger.

CHART 12: Attendance Growth

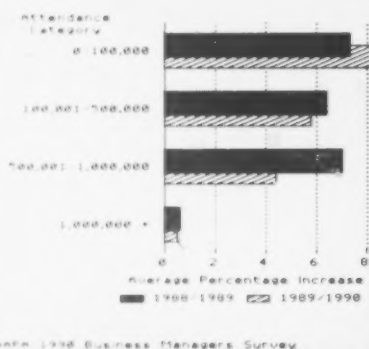


CHART 13: Sources of Revenue All Parks

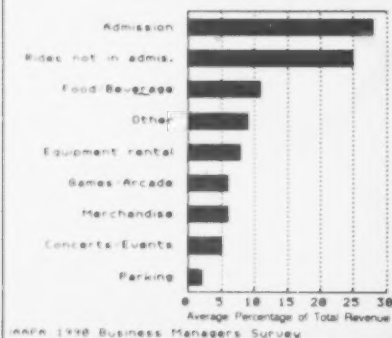
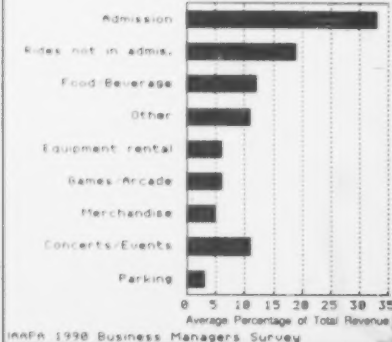
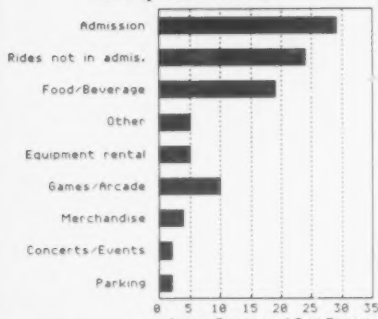


CHART 14: Sources of Revenue U.S. Parks



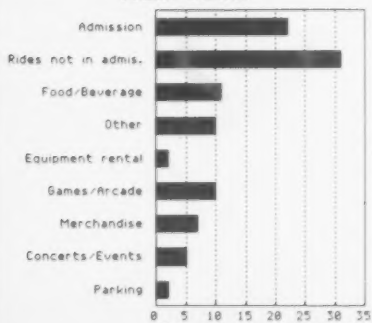
BUSINESS continued

**CHART 15: Sources of Revenue
European Parks**



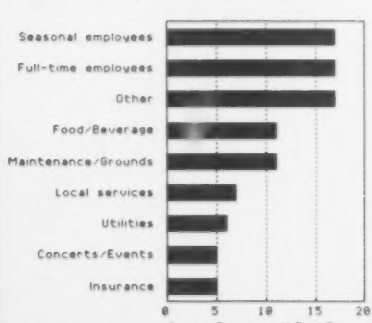
IAAPA 1990 Business Managers Survey

**CHART 16: Sources of Revenue
N.E.I. Parks**



IAAPA 1990 Business Managers Survey

**CHART 17: Expense Categories
All Parks**



IAAPA 1990 Business Managers Survey

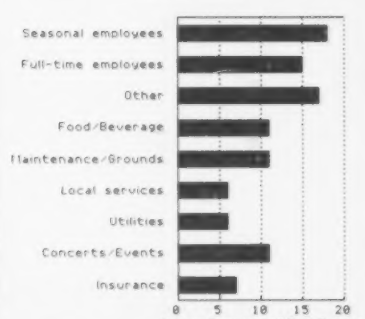
Operating Characteristics

No matter where you look, admission generates the lion's share of gross revenues. Charts 13 through 16 demonstrate the degree to which parks in the three geographic regions diverge from the average. Again, U.S. parks generally shape the average curve, differing only in their higher receipts from concerts and events. European and NEI parks still rely heavily on receipts from "rides not included in the admission price", a tendency which appears to be on the way out in the U.S. where more and more parks are adopting the "pay one price" approach.

These results suggest some opportunities for parks in different geographic regions to learn from each other: for example, European and NEI parks on average report generating higher percentage revenues from games/arcades than do their U.S. counterparts. The high portion of gross revenues reported from food/beverage sales in European parks is another interesting result, as European consumers have often enjoyed the reputation of being more parsimonious in their per capita expenditures.

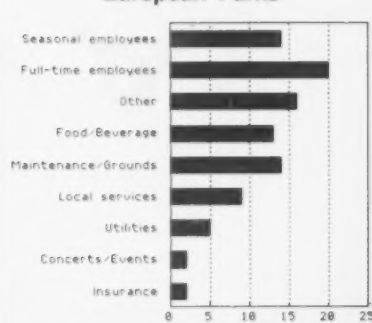
On the expense side, European and NEI parks reveal their characteristically higher dependence on full-time employees (Charts 17 through 20) as compared to U.S. parks. In the U.S., parks devote a higher percentage of operating budget to concerts/events and to insurance. The insurance expense no doubt derives from the more litigious climate prevailing in the U.S. The higher expense level for concerts and events probably reflects higher receipts in this area (Chart 14), and a growing awareness among U.S. parks that changes in park visitor demographics

**CHART 18: Expense Categories
U.S. Parks**



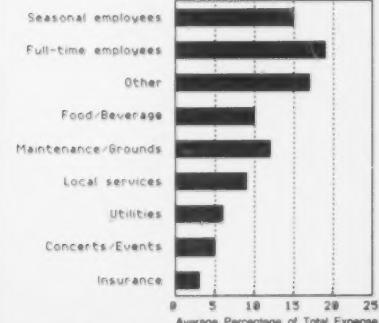
IAAPA 1990 Business Managers Survey

**CHART 19: Expense Categories
European Parks**



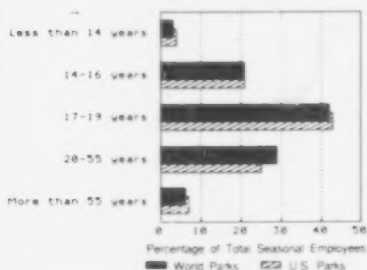
IAAPA 1990 Business managers survey

**CHART 20: Expense Categories
N.E.I. Parks**



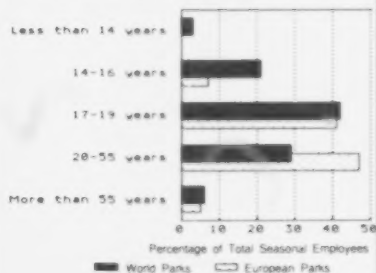
IAAPA 1990 Business Managers Survey

CHART 21: Seasonal Employee Age Demographics World and U.S. Parks



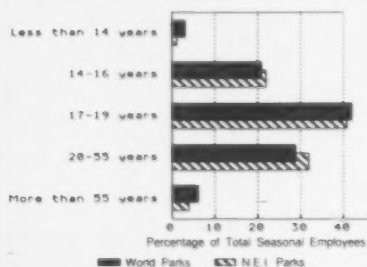
IAAPA 1990 Business Managers Survey

CHART 22: Seasonal Employee Age Demographics World and European Parks



IAAPA 1990 Business Managers Survey

CHART 23: Seasonal Employee Age Demographics World and N.E.I. Parks



IAAPA 1990 Business Managers Survey

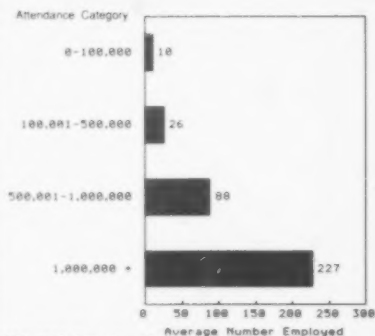
necessitate more attention to providing family entertainment.

Workforce Characteristics

European parks' employee age demographics reflect an older workforce (Charts 21 through 23), 46% of which is between the ages of 20 and 55 years, versus 25% among U.S. parks. This may give the European operators a stronger position as the world population continues to age during the next decade and fewer teenagers are entering the job market. On the other hand, the U.S. marginally leads the other geographic regions in tapping the burgeoning senior population as a source of seasonal employees, and also employs the largest percentage aged less than 14 (4%).

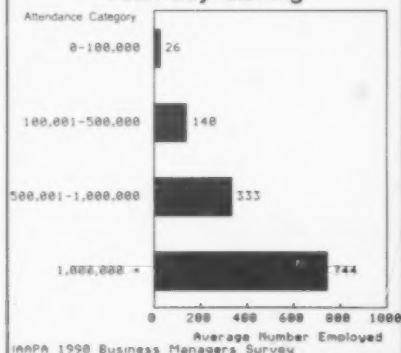
According to the Survey, regional variations were insignificant with respect to the number of employees required to operate a park. Obviously, the size of the park (as inferred from annual attendance) is a much more determinant factor. Chart 24 demonstrates the average number of full-time employees at parks of various sizes, while Charts 25 and 26 compare the size of the "peak day" and "total season" seasonal workforces. Comparing these results to the 1988 Personnel Manager's Survey (FUNWORLD, February 1990) shows an apparent contraction in the average size of both the full-time and seasonal workforces. While some of this contraction is probably occurring as parks seek methods to function more efficiently, a major contributor to this apparent trend is probably the fact that IAAPA's membership composition has changed during two consecutive years of 25% growth.

CHART 24: Full-Time Employees



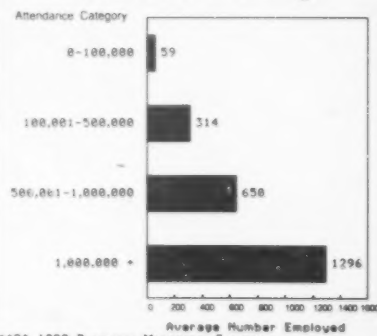
IAAPA 1990 Business Managers Survey

CHART 25: Seasonal Employees Peak Day Staffing



IAAPA 1990 Business Managers Survey

CHART 26: Seasonal Employees Total Season Staffing



IAAPA 1990 Business Managers Survey

**CHART 27: Capital Projects
Frequency Reported (All Parks)**

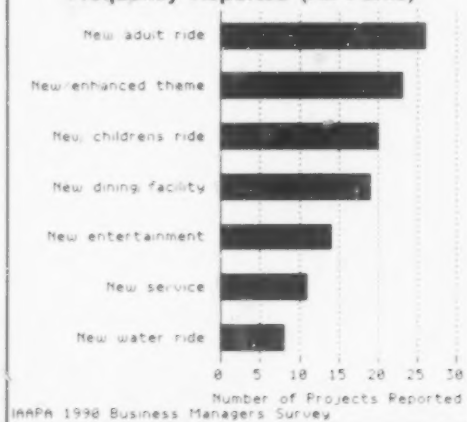
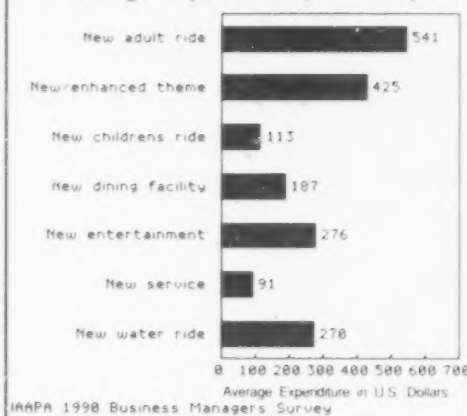


**CHART 28: Capital Projects
Average Expenditure (All Parks)**



Capital Projects

If anything, the ever popular "new adult ride" will be even hotter in 1991. Fully 27 of all projects reported by the Survey were of this type (Chart 27). While the Survey identified five projects of this type with a price tag of more than \$1,000,000, the preponderance of such projects were in the less than \$500,000 range, producing the following regional averages: U.S., \$547,000; Europe, \$668,500; NEI, \$502,560. New and enhanced theme elements ranked number two this year, followed by new children's rides and new dining facilities.

Of course, the number of projects is only marginally related to the cost of any given project. On average, responding parks shelled out the investments depicted in Chart 28 for each type of capital expansion. Average expenditures for new water rides are more or less even with last year's rates (1989: \$374,000, International; \$237,000 U.S.). Average expenditures for themeing are twice their 1989 levels (\$237,000, International; \$195,000 U.S.). But average expenditures for adult and children rides were considerably lower than 1989.

U.S. AMUSEMENT CONSUMER SURVEY

During May and June 1990, IAAPA undertook the first survey of amusement consumers available to the entire amusement industry. The survey was performed by NFO Research of Toledo, Ohio, and employed a Census-balanced panel of households in examining amusement consumer behavior at nine different types of attraction: waterparks, amusement parks, zoos and aquariums, go-kart tracks, miniature golf courses, vacation campgrounds, family entertainment centers, and natural and historical attractions.

1990 U.S. Amusement Consumer Survey



The survey provides details on the following points:

- Total Visits
- Visits By Month
- Visits By Week
- Average Number of Hours Spent
- Average Number of Miles Traveled
- 1990 Visit Expectations
- Household Size
- Household Income
- Occupation of Head of Household
- Education Level of Head of Household
- Household Credit Card Ownership
- Age of Head of Household

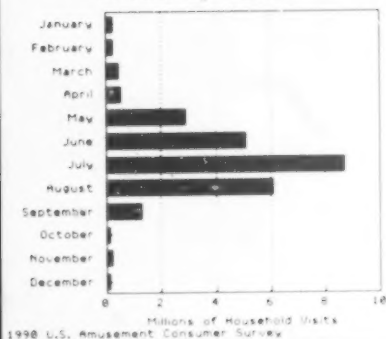
Most of these details are also regionalized into the nine major U.S. Census regions in the survey report. Additionally, the survey allows comparison between attractions to gain insight into affinities between various attractions' customers. The 270-page survey report is available to IAAPA members for \$50; \$100 for non-members.

U.S. Census Regions

- (ENC) East North Central:**
IN, IL, MI, OH, WI
- (ESC) East South Central:**
AL, KY, MS, TN
- (MAT) Mid-Atlantic:**
NJ, NY, PA
- (MOU) Mountain:**
AZ, CO, ID, MT, NV,
NM, UT, WY
- (NEN) New England:**
CT, ME, MA, NH, RI, VT
- (PAC) Pacific:**
CA, OR, WA
- (SAT) South Atlantic:**
DE, DC, FL, GA, MD,
NC, SC, VA, WV
- (WNC) West North Central:**
IA, KS, MN, MO, NE,
ND, SD
- (WSC) West South Central:**
AR, LA, OK, TX

WATERPARK

Chart 29: Waterpark Attendance in 1989 by Month



(The following is derived from the 1990 U.S. Amusement Consumer Survey. For an explanation of this survey, including U.S. Census region definitions, see page 7.)

Selected Survey Results

Overall, the survey turned up more than 46.5 million individual visits to waterparks in 1989 or 26 million household visits for an average group size of 1.8 visitors. Not surprisingly, about 33% of annual attendance occurred in July, however, the region receiving the highest portion of annual attendance was not the South Atlantic as you might expect, but the East North Central, claiming roughly 17% of all attendance.

Chart 29 shows the profile of attendance at waterparks throughout the year in millions of household visits. This profile holds no surprises for veteran waterpark managers. Chart 30 demonstrates how each of the Census regions contributes to total annual attendance. (Census regions are defined on page 7.)

Chart 31 provides a breakdown of how attendance during June, July, and August contributes to total peak season attendance. You will immediately note the predominance of July as the major player in the East North Central area. Unfortunately, this region experienced what managers overwhelmingly called a "high" number of cool or rainy days during June and July, 1990 (see page 10). This will no doubt have a profound effect, especially in the East North Central region, on 1990 annual attendance.

On the other hand, the Mid-Atlantic region has a reasonable chance of posting a strong showing in 1990 because it is less dependent on June

Chart 32: Distance Travelled by Waterpark Visitors in July 1989

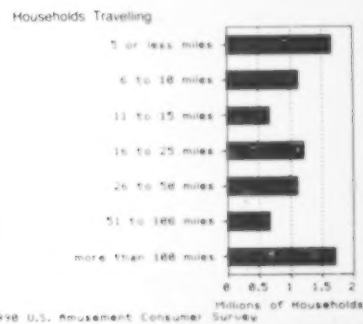


Chart 30: Waterpark Attendance in 1989 by U.S. Census Region

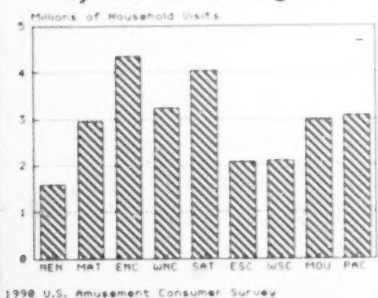


Chart 31: Waterpark Attendance in 1989 by U.S. Census Region

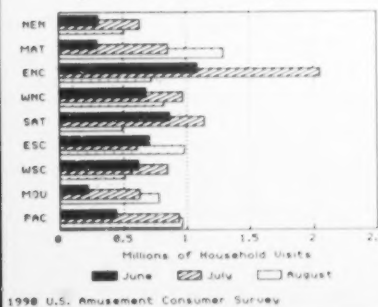
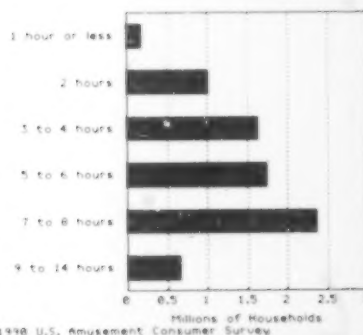
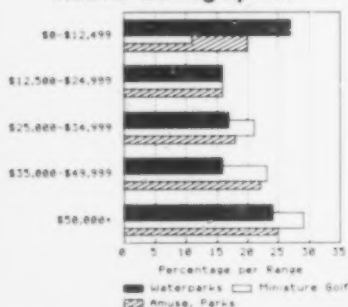


Chart 33: Length of Stay at Waterpark in July 1989

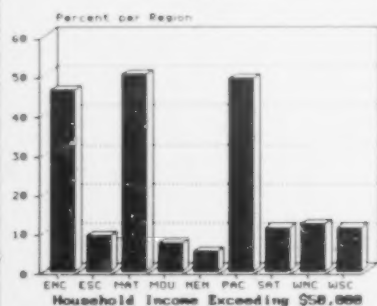


and July, receiving the highest share of attendance in August. On top of this, only 50% of waterpark managers in this region evaluated the number of cool or rainy days through July 1990 as "high," giving them a good shot at a better than average season...if August's weather was good.

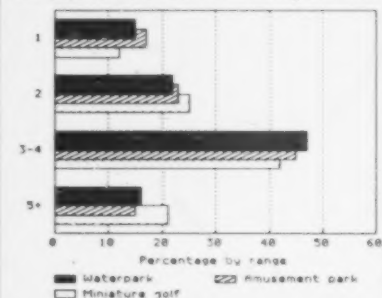
Examining the details of waterpark customers' visitation characteristics, the survey shows a wide spread in the distances patrons traveled (Chart 32). Of course, the strong (1.7 million) proportion of patrons indicating they traveled 100 miles or more, probably

Chart 34: Comparison of Income Demographics


1998 U.S. Amusement Consumer Survey

Chart 35: High-end Income Demographics


1998 U.S. Amusement Consumer Survey

Chart 36: Family Household Size Attraction Customer Comparison


1998 U.S. Amusement Consumer Survey

contains a substantial number of vacation visitors who traveled from their home markets to other, tourist markets. Comparing Charts 29 and 32, we see that roughly 20% of visitors during July 1990 travelled 5 miles or less to reach the waterpark, while 55% traveled 25 miles or less, indicating a relatively high dependence on residential customer bases.

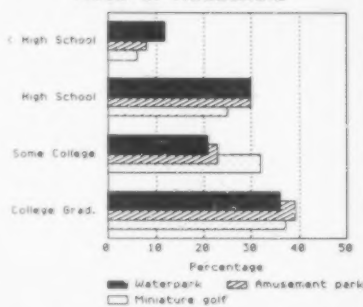
Chart 33 details the average length of time patrons stayed at the waterpark during July 1989, with a surprisingly high 27% of total remaining seven to eight hours. While this percentage represents 23% and 22% in June and August respectively, these ranges still indicate that waterparks are having good success at extending customers' stays.

Comparative Demographics

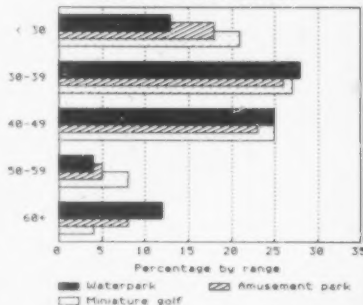
The survey also allows a comparison between types of attraction on a variety of variables. We have chosen amusement parks and miniature golf courses for comparison in this brief summary.

On the subject of income, the survey shows waterparks attracting about 27% of their customers from the under \$12,500 household income range. Amusement parks, by comparison, attract 20% and miniature golf attracts just 11% of annual attendance from this range (Chart 34). Regional variations may play an important role in these income demographic differences, however, as Chart 35 shows.

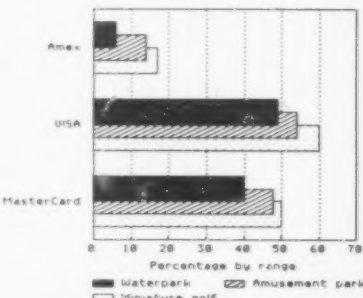
In the ENC, MAT, and PAC areas more than 45% of household annual incomes in each case exceed \$50,000. Of course the cost of living is higher in these areas, so this does not directly translate to higher discretionary

Chart 37: Educational Level of Head of Household


1998 U.S. Amusement Consumer Survey

Chart 38: Age of Head of Household


1998 U.S. Amusement Consumer Survey

Chart 39: Household Credit Card Ownership


1998 U.S. Amusement Consumer Survey

WATERPARK continued

income available for leisure spending. In 1989, waterparks derived 57% of their attendance in regions with the lowest share of high-income households. No doubt this depresses the overall income demographic picture of waterpark patrons.

Charts 37 and 38 examine the educational level and the average age of the head of household of

waterpark patrons who seem to be marginally less well educated than those of miniature golf or amusement parks, and clustered firmly in the 30-49 age bracket. On the other hand, waterpark visiting households show a surprising 12% of heads of household in the 60 years plus age category.

Many consider another index of general socio-economic status to be

credit card ownership. The survey examines this in some detail, looking not only at the three broad classifications shown in Chart 39, but also at, for example, the percentage ownership of green, gold, and platinum American Express cards, not to mention gasoline and other retail credit cards.

Waterpark Managers Survey on Major Management Concerns

(This survey uses U.S. Census region definitions on page 7.)

Managers from 79 U.S. waterparks contacted in late July, 1990 reported their usual major complaint: the weather. IAAPA's survey takes a look at the varying degree of this perennial complaint by geographic region. Chart 40 shows how waterpark managers responded to the question: "How many unseasonably cool or rainy days have you had so far this season?"

Apparently the place NOT to be was in the West North Central area where managers reported an average of 19.2 cool or rainy days in the first two months of 1990. The Pacific region, on the other hand, now in the fifth year of a bitter drought, reported an average of just over two cool or rainy days. Of course this information means little without either double checking normal weather patterns or at least asking how waterpark managers viewed the number of cool or rainy days they reported. Managers were asked whether the number of such days reported was (in their opinions) "high", "average" or "low". Charts 41 through 43 show how they responded.

As you might expect, waterpark managers in the Pacific region overwhelming labeled cool or rainy days in their region as "average", while more than 60% of managers in the hard-hit West North Central area

justifiably viewed their average of 19.2 such days as "high."

Apparently managers in the South

Chart 40: Number of Cool or Rainy Days

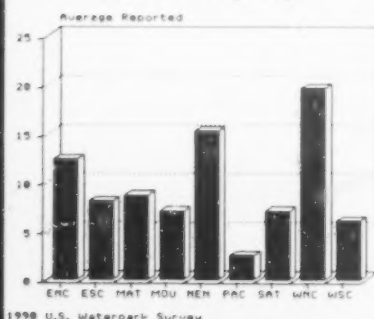


Chart 42: Cool or Rainy Days in 1990 Characterized as "Average"

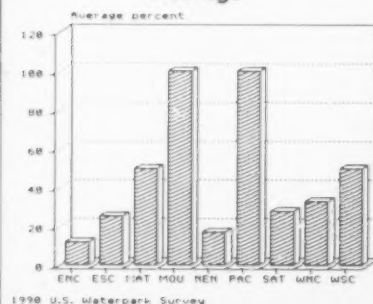


Chart 41: Cool or Rainy Days in 1990 Characterized as "High"

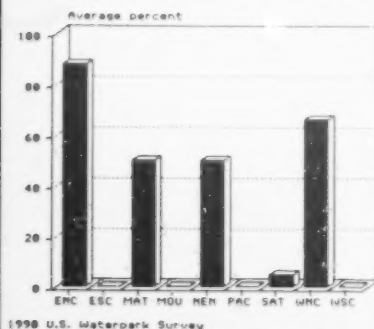
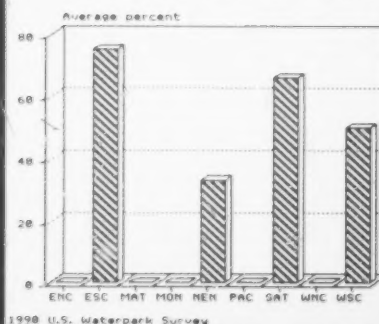


Chart 43: Cool or Rainy Days in 1990 Characterized as "Low"

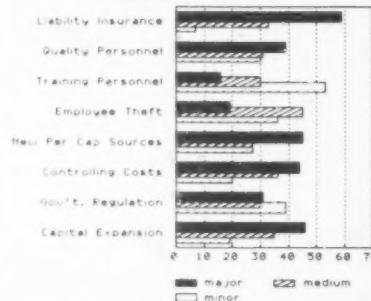


Atlantic were reasonably accepting of the average 7 cool or rainy days in their region, more than 60% of them viewing this as "low." On the other hand, 12 cool and rainy days seemed "high" in the East North Central region, while stoic New Englanders were divided on whether 15 cool or rainy days was "high" or "low."

What else was on waterpark managers' minds? IAAPA's survey also asked each manager to consider eight different types of management concern and designate them as "major", "medium", or "minor" concerns.

From the chart, it is obvious that the cost of liability insurance continues to be of great concern to waterpark managers. Choosing the next capital expansion represents the next most important concern, followed closely by finding new per capita revenue sources, and controlling costs. Finding quality personnel was a major concern for almost 40% of those surveyed, but training these personnel was the absolute least important of the concerns raised.

Chart 44: Waterpark Managers' Concerns



1990 U.S. Waterpark Survey

MINIATURE GOLF

(The following is derived from the 1990 U.S. Amusement Consumer Survey. For an explanation of this survey, including U.S. Census region definitions, see page 7.)

IAAPA's recent National Amusement Consumer Survey provides the first clear picture available to the amusement industry in general of who's playing miniature golf in America. And wow, what a picture! The Survey identified a minimum of

120,000,000 games of miniature golf played in 1989—three times larger than an earlier estimate. The Survey also turned up the interesting result that miniature golf attracts a generally more affluent and better educated crowd than other attractions covered by the Survey. The following profile summarizes the results of the Survey as they apply to miniature golf.

Miniature Golf in America

Miniature golf attracted players across a wide geographic spectrum (Chart 45), but three regions hosted 61% of all attendance: MAT, ENC, and SAT. For region definitions, see page 7.

As is the case with all outdoor amusements, miniature golf attendance clusters predominantly into three summer months, however, miniature golf shows a somewhat stronger "shoulder" attendance than do, for example, go-kart tracks and waterparks (Chart 46). On the other hand, this points up the ability of one attraction to fill out the attendance

weak spots of the other.

Further homing in on the peak months, Chart 47 examines how attendance in June, July, and August varies from region to region. No doubt weather is the strongest factor in this comparison. Don't forget that this attendance represents 1989 only. Other years may show other patterns. However, comparing the attendance curves of the MAT versus the ENC or the SAT regions, it is interesting to

Chart 45: Miniature Golf Attendance 1989 by U.S. Census Region

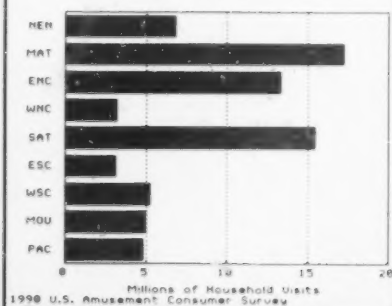
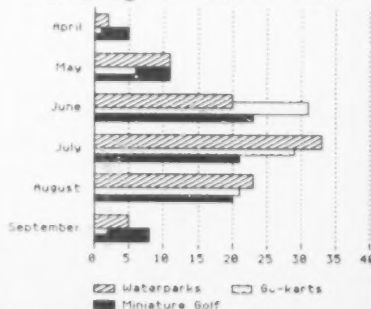


Chart 46: Peak Season Attendance Percentage of Total Amount



MINIATURE GOLF continued

note how attendance in the first case actually builds through the three peak months, whereas, in the latter cases, attendance seems to fall off from an initial peak in June.

June being the undisputed peak nationally, Chart 48 details the length of time players spent at miniature golf courses in June 1989. Considering the relatively short time it takes to play 18 holes, this chart suggests the success that miniature golf courses are having in lengthening customers' stays by various means, including the addition of multiple 18-hole courses, and other attractions. It also

hints at the social nature of the sport and players' fondness for enjoying the leisurely social aspect of the game, rather than barreling through at full speed.

While no one would dispute that miniature golf usually derives most of its adherents from a local population, Chart 49 provides a peek at the relative volume of miniature golfers coming from various distances. Fully 46% claim to have travelled just five miles or less (during June 1989) to play miniature golf. Don't forget, this could mean a guest in a tourist market leaving his hotel room and driving one mile to a local course. Of course, this also means that more than 2 million households travelled 25 miles or more during June of 1989 to play miniature golf.

Miniature Golf Demographics

One of the most frequent requests we receive at IAAPA is on the subject of miniature golf demographics. While statistics are always a poor second best to personal knowledge, they nevertheless provide an interesting, even encouraging picture. Miniature golf attracts only 11% of its attendance nationwide from the lowest household income category studied (Chart 50), and a whopping 29% of attendance from the highest income category.

Charts 51 and 52 provide a comparison of the income demographics of miniature golf playing households versus family entertainment center and go-kart patrons (Chart 51), as well as amusement park and waterpark visitors (Chart 52). It is no doubt part of the charm of amusement parks and waterparks that they attract visitors from across a broad economic spectrum. However, miniature golf has pronouncedly the highest income

Chart 47: Miniature Golf Attendance 1989 by U.S. Census Region

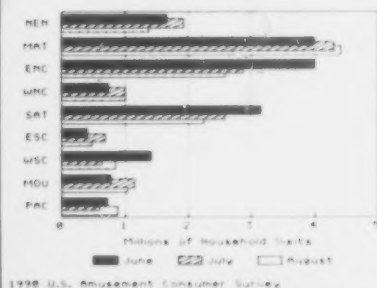


Chart 48: Length of Stay Miniature Golf Visitors June 1989

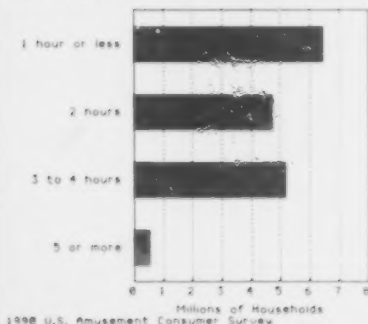


Chart 49: Distance Travelled Miniature Golf Visitors June 1989

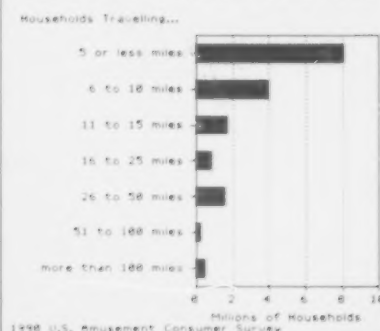


Chart 50: Household Income Demographics Miniature Golf Course Visitors

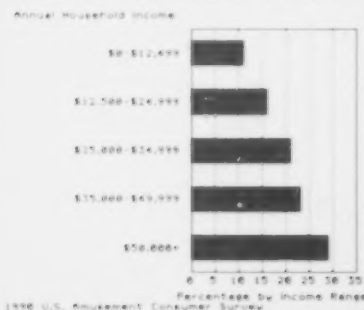
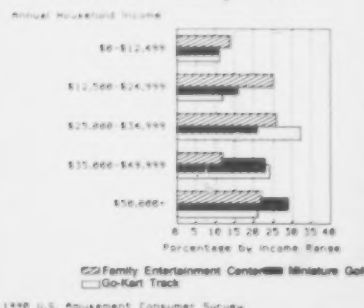
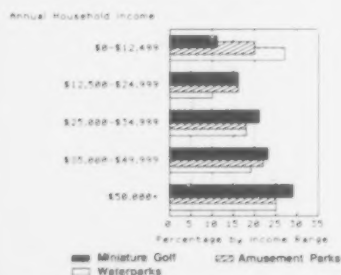


Chart 51: Household Income Demographics Attraction Comparison



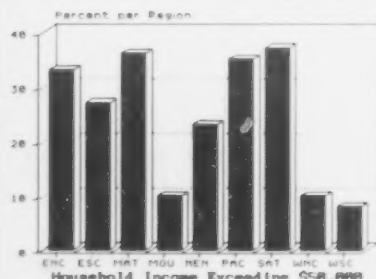
MINIATURE GOLF continued

Chart 52: Household Income Demographics Attraction Comparison



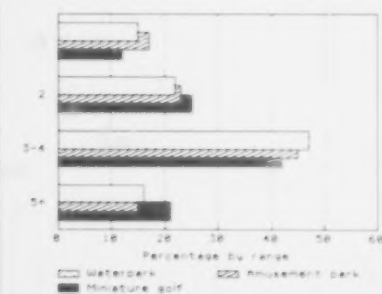
1998 U.S. Amusement Consumer Survey

Chart 53: High-end Income Demographics Miniature Golf Visitors by Region



1998 U.S. Amusement Consumer Survey

Chart 54: Family Household Size Attraction Customer Comparison



1998 U.S. Amusement Consumer Survey

demographics of any attraction surveyed.

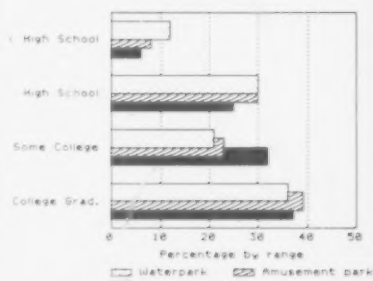
Of course, there is also some regional variation to miniature golf players' income demographics. For example, the high-end segment (households with annual income above \$50,000) comprises more than 20% in six of the nine regions, and more than 30% in four (Chart 53).

Other aspects of the miniature golf playing household no doubt also have an effect on the current growth of the sport. Chart 54 shows the relative size of households visiting several attractions. Miniature golf is the lowest in the smallest household category and enjoys a 5% lead in the largest household category. This may lead to larger family group participation. While miniature golf may not have the highest percentage of college graduates among its patrons (Chart 55), still, 70% of miniature golf patronizing households are headed by individuals with at least some college education, versus a next best of 62% for amusement parks. In age, miniature golf household heads tend to be marginally younger, too (Chart 56), dramatically fewer coming from the 60-years-plus category.

Lastly, miniature golf playing households show a significantly higher incidence of credit card ownership nationwide (Chart 57), especially as compared to waterpark patrons. The survey goes into considerable detail on this point, offering breakdowns on oil company credit cards, major national retailers, and green, gold, and platinum American Express Cards. This can be helpful in locating corporate sponsors and mailing lists when planning promotions.

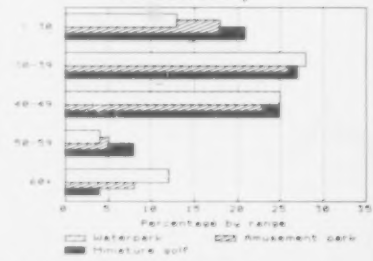
So there you have it: a snapshot of who's playing miniature golf in America...all in all, not a bad scenario.

Chart 55: Education Level Head of Household



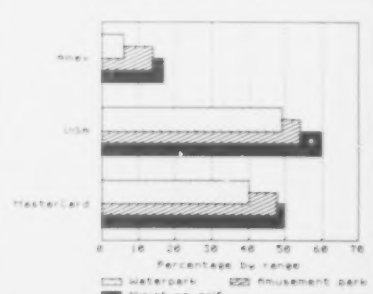
1998 U.S. Amusement Consumer Survey

Chart 56: Age of Head of Household (Excluding non-family households)



1998 U.S. Amusement Consumer Survey

Chart 57: Household Credit Card Ownership



1998 U.S. Amusement Consumer Survey

FAMILY ENTERTAINMENT CENTERS

**Chart 58: Family Entertainment Centers
1989 Attendance by Month**

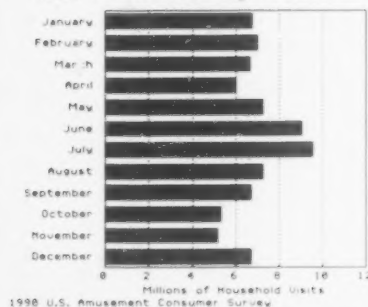
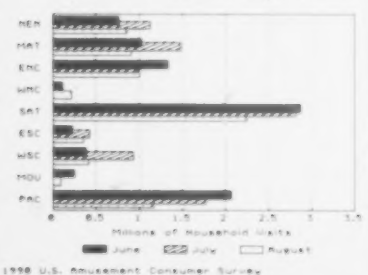


**Chart 59: Family Entertainment Center
1989 Attendance by
U.S. Census Region**



**Chart 60: Family Entertainment Center
1989 Attendance Peak Season
by U.S. Census Region**



(The following is derived from the 1990 U.S. Amusement Consumer Survey. For an explanation of this survey, including U.S. Census region definitions, see page 7.)

Indoor Family Entertainment Centers

Consumers were provided with the following basic definition of "Family Entertainment Center" on which all of their subsequent responses are based: "In many areas a new form of attraction has been developed, generally called a "Family Entertainment Center." These INDOOR FACILITIES are often built in shopping malls and offer attractions such as video games, carnival games, miniature golf, electric go-karts, and miniature merry-go-rounds, among others."

To begin with, IAAPA was surprised at the total individual attendance at family entertainment centers (FECs) during 1989: 97,529,000. In fact, the way the question was phrased, it is impossible to differentiate between multiple visits by one individual if that person visited an FEC more than 11 times in one year. This means that the 97 million figure above should be regarded as a "minimum."

Of all attractions surveyed, FECs showed the most uniform attendance by month (Chart 58). By virtue of being in-doors, they do well even in the winter months, however, their peaks are still during the summer vacation months, reaching a peak in 1989 of more than 9.5 million household visits in July. Certainly this bodes well for the use of FECs to bolster periods when shopping mall retail traffic is traditionally soft.

Chart 59 shows the exceedingly non-uniform geographic distribution

**Chart 61: Distance Travelled
Family Entertainment Center
Visitors July 1989**

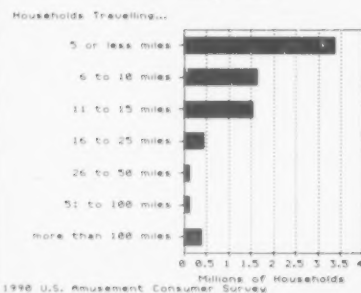


**Chart 62: Household Income
Demographics
Family Entertainment Center
Visitors**

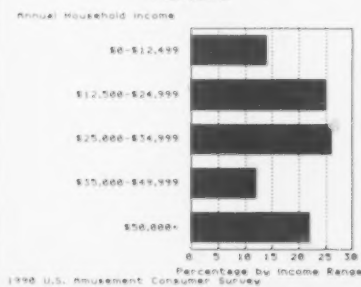


**Chart 63: Education Level
Head of Household**

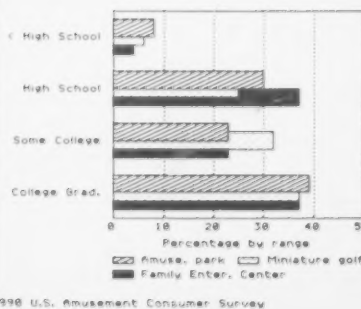
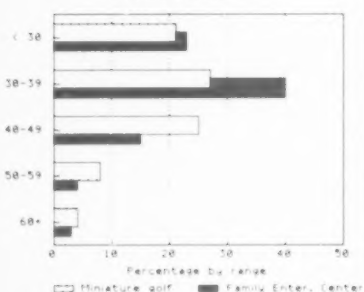


Chart 64: Age of Head of Household



1990 U.S. Amusement Consumer Survey

of attendance among the nine U.S. Census regions, defined on page 7.

While this distribution generally follows the distribution of the U.S. population, none of the other attractions studied showed the predominance displayed here by the SAT and PAC regions. Whether this means the other regions are open to development, or their populations are averse to attending remains unclear at this time.

Chart 60 examines the attendance in each region during the three peak FEC attendance months: June, July, and August. (Admittedly, May is just as strong as August.) The role each of the months plays in a given region's peak season attendance is clear from

this chart, June providing a healthy plus to FECs in the ENC, SAT, MOU, and PAC regions.

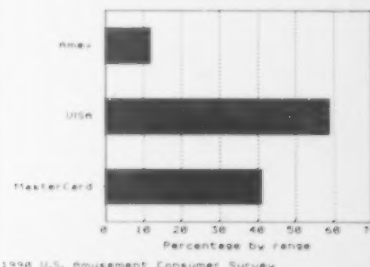
Choosing 1989's peak attendance month, July, Chart 61 displays the distances travelled on average to reach the FEC. Obviously, much of the traffic generated is local, with less than 10% of July's traffic originating from more than 25 miles away.

Consumer Demographics

The Survey also provides us with some of the first information generally available on FEC consumer demographics. For example, some 52% of households visiting FECs have a total annual income between \$12,500 and \$34,999, while an additional 22% has a household income above \$50,000 (Chart 62). Naturally, the survey enables the comparison of consumers at the nine attraction types on a variety of demographic variables. Chart 63 shows the differences in educational level between the heads of households visiting amusement parks, miniature golf courses, and family entertainment centers. There is no mistaking the attraction FECs hold for households headed by individuals with only a high school level education.

On the other hand, these household

**Chart 65: Household Credit Card Ownership
Family Entertainment Center
Visitors**



1990 U.S. Amusement Consumer Survey

heads are not as young as one might expect (Chart 64); 40% of them cluster in the 30 to 39 years of age range, while miniature golf, for comparison, seems to draw households headed by somewhat older individuals.

A crucial demographic variable in a retail environment is, of course, credit card ownership which makes mailing lists and co-op promotions available. The Survey doesn't neglect this variable either, going into considerable detail on, for example, green, gold, and platinum American Express Cards, oil company cards, etc. Only the basics are presented in Chart 65, displaying the wide preponderance of VISA cards among visitors to FECs.

MERCHANDISE

The 1990 Merchandise Survey that premiered at the Merchandising Workshop at the 1990 IAAPA Convention reiterated the wide range of consumer tastes the parks are catering to. But the figures also reflect the range of buying opportunities that parks and attractions

offer, and the various factors under which parks are merchandising. The survey included responses from 33 U.S. amusement parks.

For instance, one telling figure is the disparity in the sales per square foot of permanent locations. Of the responses, approximately a quarter

of the parks fell within the low \$25 to \$100 range for sales per square foot including storage. A comparable number of respondents reported sales in the high \$351 and up per square foot of permanent locations range with at least one park citing sales in excess of \$1,400 per square foot.

MERCHANDISE

continued

The average over the 23 responses totalled \$299.

According to respondents, available merchandising outlets also affected sales. Reporting on the number of permanent walk-in stores in their parks, as few as 1 and as many as 32 stores were listed, with 10 being the average for the 33 respondents. Walk-up locations

with an average of 12.75% for the category. Twenty parks responded to a question on the ratio of warehouse labor cost to sales, reporting .8% as a low, 6% as a high and 2.55% as the average in the category. The ratio of a combination of all three labor categories to sales revealed a low of 6.1%, a high of 30%, and an average of 17.23% over 26 respondents.

Of the 26 parks reporting on cost of goods sold as a percentage sales, a low of 25%, a high of 52% and average of 42.35% was tabulated. The percentage included freight, shrinkage and damages.

One of the widest range of answers came from the question to merchandise managers: "How do you calculate Open-to-buy (OTB) dollars?" In a nutshell, open-to-buy dollars represent monies set aside to purchase goods for sale to begin operation. Many parks reported using computerized programs that calculated OTB dollars based upon dollars already spent. Although some parks listed no

CATEGORY	Low	High	Average	
Plush	.7	40.0	6.28	(26 resp.)
Jewelry	1.5	22.5	6.59	(28 resp.)
Hats	1.1	11.0	5.88	(27 resp.)
Wearables	3.0	40.0	23.88	(29 resp.)
General Souvenirs	7.6	55.0	21.5	(30 resp.)
Candy/Confections	1.0	47.0	10.93	(23 resp.)
General Toys Items	1.5	31.0	9.30	(26 resp.)
Film/Camera	1.0	20.0	6.88	(27 resp.)
Gifts	1.21	33.2	10.86	(26 resp.)
Novelties	.25	7.30	4.85	(20 resp.)

ranged from 1 to 20, with 4 as the average.

Of the 30 parks that responded to the survey's top ten merchandise sellers list, there were 22 different items in the number one spot alone. Of the overlap, postcards, souvenir books, souvenir T-Shirts, squeeze bottles, and Glo necklaces were the most common. Such wide ranging items as ponchos, rock candy, novelty rings, and souvenir mugs made it to the number one spot in other parks.

By lumping goods sold into general categories, the percentage of sales for those respondent parks was reported as listed in the chart above.

Other significant statistics revealed by the survey indicate a wide gulf between sales to labor ratios. Twenty-six parks responded to the question: "What is the park's relationship of administrative labor to sales?" Respondents listed ratios as low as .9% and as high as 10%, with an average of 4.47%. Along the same lines, 28 parks responded to a query on the ratio of hourly labor costs to sales. A low of 3.05% and a high of 22% were reported

OTB beyond keeping a close watch on their particular markets, others reported using highly complex formulas to make the determination.

On personnel issues, respondent parks reported \$3.00 as the minimum, \$5.15 as the maximum and \$4.08 as the average wage range for seasonal employees. However, when queried on the differential in wages for separate departments, respondents either reported no differential between food, merchandise, games, etc. or differing ranges for differing reasons. Among those listing some differential in departmental wages, some of the comments were as follows:

- "Each employee is considered for his own merits."
- "Yes, food service employees are paid a premium .25¢ per hour in all categories except supervisors to get people to work in food service."
- "Yes, Food service has a higher average wage, particularly skilled kitchen help. Games personnel have daily sales incentives at the labor level."
- "We differentiate by age and experience."

- "Security personnel get higher rates."
- "Only to senior ride operators because of extra responsibility."
- "Souvenir shop personnel receive a basic wage plus commission. Other employees according to the collective labor agreement standards."

As to hourly premiums or bonuses, roughly half of the respondent parks had no special pay scale in effect. Other parks listed various sliding scales, although only two respondent parks reported paying overtime at a fixed rate. Of the respondent parks that use some bonus payment system, most listed some form of monetary incentive to

enhance employee retention. For instance, one park reported giving a "Night Premium" of .25¢ for work after 6 p.m. Another gave all employees .50¢ per hour more between July 31st and September 2nd, and an additional .50¢ per hour between September 2nd and the end of the season if minimum hour requirements were met. Yet another reported giving a 5% bonus to all employees who work through the U.S. Labor Day weekend based on the employee's YTD gross pay. Sporadic bonuses to supervisory staff and sales personnel were also noted as both production and sales incentives.

GAMES

This survey was performed on behalf of the IAAPA Games Committee by Coopers & Lybrand, a nationwide accounting firm. Sixty-two confidential questionnaires were sent to parks around the United States and 28 were returned. This is the highest response rate in the three years that the survey has been conducted.

The accompanying table, which includes information taken from the Confidential Games Survey, summarizes the season from the "numbers" standpoint. Those parks participating in these annual studies received custom reports comparing their own operation to the group as a whole. All comments and trend analysis of the data has to be somewhat general in nature to maintain the confidentiality of participating parks.

The 1990 Games Survey provides information from 28 parks. Although this sample represents a small segment of the industry, it can provide the reader valuable insight.

It immediately becomes apparent that Games are coming off a good year, especially when compared to 1989. From similar studies taken in

previous years, the overriding opinion was that 1989 was not a great one to remember. However, in 1990 things changed. Of the 28 parks included in this study, 20 parks reported an increase in per capita spending in 1990, which represents over 70%. In fact 83% (ten of the twelve) large parks reported an increase.

When taking a look at the most recent five year trend, the average annual per cap increase amounts to 2%. With the 1990 survey reporting an average increase of over 5%, this past season well surpassed the norm. Average spending per game has been fairly consistent. The top games earn \$.14 while the low game in the park earns \$.02. It appears from the trend analysis that per capita spending has been increasing from year to year, however the percent of increase is on the decline. Hopefully 1990 has provided a springboard to strengthen games spending in the long term.

The study also reports that the Arcade business continues to be stagnant. One noticeable point relates to earnings per game. If one can assume that a good number of the parks

have participated in this study from year to year, it appears that parks are reducing the number of arcade games while earning the same amount of revenue. This supports the rule, "It's not quantity but quality that counts!" The survey reports that 43% of the parks experienced an increase in Arcade per cap spending. However only five of the sixteen small parks enjoyed such an increase. The five year per cap increase of a minimal .5% adequately illustrates the disappointing performance.

By turning attention to the income statement information, it is evident that margins are getting tight. Labor costs are climbing at a very high rate, with gross revenues unable to keep pace. With Games labor costs increasing to an average of 16% of gross revenue, it is obvious why Game Managers around the country are asking manufacturers for less labor intensive games. Subsequently, Games Managers have "creatively" been able to hold merchandise costs constant, at around the 27-28% level. Obviously plush costs are increasing, due to the popularity of the more expensive licensed pieces, as well as

the annual price increases passed on to the plush buyer. Therefore, through some combination of price increases, payout modifications, and down sizing prizes, costs of goods sold have been kept in check. When comparing one year to another, merchandise percentages per game appear constant, with the high and low falling between 14% and 39% respectively.

In summary, the real questions remain...What can possibly keep pace with those heroes in the half shell? How much punch will the Simpsons have left? How long will the "licensed piece" dominate earnings? Will Wacky Wire have any staying power after a great first year? And what can the Games Manager do to overcome continuing labor problems.

Games & Arcades Survey Definitions

Games - line-up games, center games, race games, scales, skeeballs, etc.

Arcades - videos, pinballs, cranes, pushers, shooting galleries, remote cars/boats and other traditional arcade games.

Attendance - Total 1988 attendance (paid, season passes, free, etc.).

Labor - total department wages and salaries (including commissions and bonuses) for operators, supervisors, clerical, assistant managers, managers, and director as applicable. Exclude payroll taxes.

Cost of Goods Sold - total cost of prizes including raw product cost, freight and sales tax. Excluding warehousing cost.

Games Per Capita - determined by the total of gross receipts generated by the games divided by total attendance of the park.

1990 IAAPA GAME SURVEY RESULTS

Smaller Park = up to 1,499,999 attendance
Large Park = 1,500,000 and Greater
All questions use definitions below.

Averages

	Large Parks	Small Parks	Overall
1) Total Number of Surveys Mailed	21	41	62
Total Number of surveys returned	12	16	28
Response Rate	57.14%	39.02%	45.16%
2) Annual Attendance	2,216,250	709,041	1,432,501
3) Year-Round or Seasonal?	Seasonal	Seasonal	Seasonal
4) Operating Days per Season	190	142	163
5) Games per capita			
Total	\$1.605	\$1.673	\$1.643
Number of game locations	32	23	27
Per-capita per-game location	\$0.052	\$0.076	\$0.061
Per-capita % change from prior year	8.37%	2.66%	5.29%
Parks reporting increase from prior year	10	10	20
5 year per-capita % change	12.44%	8.38%	10.22%
Annual per-capita % increase goal	4.50%	4.67%	4.58%
Highest game per-capita	\$0.121	\$0.167	\$0.145
Lowest game per-capita	\$0.018	\$0.027	\$0.023
6) Arcade per-capita			
Total	\$0.408	\$0.389	\$0.398
Number of game machines	198	113	154
Average per-capita per-game	\$0.002	\$0.004	\$0.003
Per-capita % change from Prior Year	7.32%	-1.00%	2.99%
Parks with increase from Prior Year	7	5	12
5 year per-capita % change	24.54%	-19.55%	0.49%
Annual per-capita % increase goal	4.75%	2.55%	3.75%
Number of arcade locations	4	3	3
7) Games & Arcade "Modified" Income Statement (% of Gross Revenue)			
a. Costs of Goods Sold			
Games	28.67%	27.36%	27.92%
Arcades	6.80%	8.68%	7.89%
Total	24.58%	23.13%	23.80%
b. Labor			
Games	16.53%	18.22%	17.51%
Arcades	11.39%	10.95%	11.17%
Total	15.16%	17.29%	16.31%
c. Net Income After Cost of Goods Sold and Labor			
Games	54.80%	54.42%	54.48%
Arcades	83.66%	80.37%	82.02%
Total	60.26%	59.58%	59.89%
8) Games "Cost of Goods Sold %"			
Highest %	41.24%	37.56%	39.26%
Lowest %	17.52%	15.27%	16.31%
Average %	28.43%	28.26%	27.23%
9) Average Game Labor Percentage (Operator Wages Only)	13.40%	15.09%	14.34%